

## PART 2 — INTRODUCTION

Act 51 of the Michigan Public Acts of 1951 is the state law that distributes the primary state sources of transportation funding in Michigan. The formulas in the act distribute approximately \$1.7 billion per year in state transportation revenues from the Michigan Transportation Fund to the state Department of Transportation, county road commissions, and cities and villages for maintenance and construction of roads and support of transit systems.

Under Public Act 308 of 1998, the Act 51 fund-distribution formulas expire on September 30, 2000. If no new formula is enacted, thereafter only distributions for debt service will be made. Act 308 also created a Transportation Funding Study Committee to study the issues, weigh information from the many interests involved, and make recommendations to the Legislature for future formulas.

The Transportation Funding Study Committee has nine members. Four are state legislators, appointed from each house by their respective caucuses. The five remaining members are private citizens, appointed by the Governor. The private members represent the state's principal economic interests: manufacturing, commerce, agriculture, tourism, and labor.

Membership of the Study Committee	
Bob Welke, independent engineering consultant, Coldwater, representing commerce;	Committee Chairman
State Representative Rick Johnson; LeRoy, representing the House Republican Caucus;	Committee Vice-Chairman
Sam Hart, Business Manager, International Union of Operating Engineers, Local 324, Livonia,	representing labor
Robert Hetzler, President/CEO, Monitor Sugar Company, Bay City, representing	manufacturing
State Senator Phil Hoffman; Jackson, representing the Senate Republican Caucus	
State Representative Thomas Kelly, Wayne, representing the House Democratic Caucus	
Jordan Tatter, President/CEO, Hanson Cold Storage Co. and Commissioner, Michigan	Department of Agriculture, Watervliet, representing agriculture
Richard White, Senior Vice President Corporate Administration, Secretary and General	Counsel, The Auto Club Group, Dearborn, representing tourism
State Senator Joseph Young, Jr., Detroit, representing the Senate Democratic Caucus	

## INFORMATION PANEL AND TESTIMONY

To assist us in the task of making recommendations, one of our first acts as a Committee was to create an Information Panel of six local-government and transportation representatives. The panel's role was to provide testimony and respond to questions about the parts of the transportation system they represent.

Information Panel	
John B. Conlen/Scott Dzurka, Michigan Association of Counties (MAC)	
Jim Curran/Clark Harder, Suburban Mobility Authority for Regional Transportation (SMART)	
Dan Gilmartin, Director of State & Federal Affairs Division, Michigan Municipal League (MML)	
Pat McAvoy, Director of Legislative Affairs, Michigan Townships Association (MTA)	
John Niemela, Executive Director, County Road Association of Michigan (CRAM)	
Carmine Palombo, Director of Transportation Programs, Southeast Michigan Council of Governments (3-C Directors - MPO's)	
Greg Rosine, Chief Administrative Officer, Michigan Department of Transportation (MDOT)	

The Committee and Information Panel met in Lansing 22 times beginning in April 1999 and continuing through May 2000. We heard testimony from interested groups and individuals from across the state, including the members of the Information Panel. We also spent many hours reviewing available data on road finance, demographics, road and bridge condition and traffic. We discussed many options and their legal and political implications.

A summary of testimony to the Committee is included as Appendix B, page 129. A copy of the complete written testimony is available upon request. The complete written testimony, as well as meeting minutes and transcripts, are also available at the Committee web site:

<http://www.mdot.state.mi.us/act51/act51study/index.htm>

In addition to their participation at our meetings, the Information Panel had a separate "Stakeholders" meeting, facilitated by one of our Committee members. This meeting was used to build consensus about our recommendations and resulted in numerous modifications to the language of our recommendations and the report.

## **MINORITY REPORTS**

With respect to minority reports, P.A. 308 states, “The report and recommendations shall also include any positions which a minority of the study committee support.” As part of the development process for our recommendations and report, one of our fellow Committee members submitted a minority report, while another submitted a formal letter of comment. We were presented with a “gap analysis” illustrating the issues raised by these two documents and how they corresponded, or had no correspondence, with our recommendations and report as drafted at that time. As a result of our subsequent discussion, we have made modifications to the recommendations and the report. In some cases, we have deleted entire recommendations. Although empowered to include a minority report by P.A. 308, we have chosen instead to make these changes to satisfy or mitigate the concerns of our fellow Committee members, thereby eliminating the need to submit a minority report.

## **CITIZENS ADVISORY COMMITTEE**

P.A. 308 provides for the creation of a Citizens Advisory Committee “to receive and comment upon all reports, studies, and recommendations” prepared through our Committee process. In February 2000, Governor John Engler appointed a 24-member Citizens Advisory Committee (CAC). Members of the CAC received draft versions of our report, the Act 51 Transit report, and other materials for review and comment. The full text of their written comments are provided in Appendix G (beginning at page 149).

Members of the CAC attended several of our Committee meetings, made presentations, and provided public comment. In addition, three separate CAC meetings were held in March and April of 2000. CAC members were surveyed to measure the level of support for our recommendations and for related statements arising from their own comments. The electronic response software used for these surveys provided immediate feedback. Detailed survey results are included in Appendix G.

The CAC review and comment process was very useful to us, especially as we finalized our report. CAC comments and survey responses enabled us to improve or clarify several of the explanations which accompany our recommendations (Part 3, beginning at page 33). We include representative comments from CAC members at the end of our recommendation explanations, as applicable. We also show survey results for those recommendations which were included in the survey questionnaire.

The table on the following page gives the names of CAC members, the interest which they represent, as well as the organization or agency of which they are a member.

<b>Citizens Advisory Committee</b>		
<b>Member</b>	<b>Representing</b>	<b>Organization</b>
Dietrich R. Bergmann	Michigan Association of Railroad Passengers	RSE, Inc.
Robert T. Boehm	Michigan Farm Bureau	Michigan Farm Bureau
Beth Chappell	Executive Office	The Chappell Group
Joyce Chin	Council for Independent Living	SMART
Gregory E. Cook	Public Transit Association	Ann Arbor Transportation Authority
Michael F. Craine	County Road Association of Michigan	Livingston County Road Commission
H. Jack DeVries	Michigan Trucking Association	Deeco Transportation Inc.
Ernest Fred Dore	Non-motorized Advisory Commissions	Ford Motor Company
Carl Evangelista	Michigan Concrete Pavers Association	Tony Angelo Cement Construction Co.
Ronald F. Gillham	Michigan Municipal League	City of Huntington Woods
James A. Jacob	Executive Office	Ajax Paving Industries
Vance B. Johnson	Executive Office	Central Asphalt
A. Richard Lehman	Michigan Chamber of Commerce	Edw. C. Levy Co.
Gordon Mackay	Motor Bus Association	Indian Trails
John Malloure	Associated Underground Contractors	C. A. Hull, Inc.
Charles A. Pinkerton III	Michigan Association of Railroads	Straits Corporation
David W. Pohl	Michigan Townships Association	Diversified Property Services
James L. Rice II	Michigan Association of Airport Executives	Flint Bishop International Airport
Earl M. Ryan	Executive Office	Citizens Research Council
Roger Salo	American Association of Aviation Businesses	Masco Corporation
William R. Shepler	Travel Michigan	Shepler's Mackinac Island Ferry
Judy A. Sivak	Area Agency on Aging	Area Agency on Aging
Charlotte Sumney	Michigan Association of Counties	Sumney Financial Services
Robert M. Thompson	Asphalt Pavers Association of Michigan	Thompson-McCully Company

## **QUALITIES OF A “GOOD” SET OF RECOMMENDATIONS**

One of the first items the members of the Committee agreed to were the qualities of a “good” set of recommendations. In our view, good recommendations would:

- Set clear investment priorities
- Allow dollars to follow the roads
- Reinforce partnerships

In addition, we believe a good set of recommendations would be:

- Simple and explainable
- Equitable and fair
- Flexible and adaptable
- The result of a process that was all inclusive and encouraged broad input
- Based on strong consensus within Committee prior to presentation to Legislature
- “Doable” and “sellable” to the Legislature and the people of Michigan

## **TRANSPORTATION IN MICHIGAN - STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS**

At the Committee’s request an assessment was done of the Strengths, Weaknesses, Opportunities, and Threats (SWOT) to the state transportation system, considered as a unified enterprise. This SWOT analysis reflects our views of the situation of the state’s transportation agencies in 1999:

### **Strengths**

- Recent revenue increases at the state and federal level
- A healthy state and national economy
- Tolerable system condition with few critical needs (yet)
- Participants’ commonality of purpose, familiarity with each others’ needs
- Willingness to consider major change and to try new financial approaches
- Multi-modal system
- Convenient roads, especially freeways
- No highway tolls
- Competitive environment among jurisdictions
- Customers have high expectations

### **Weaknesses**

- Land use: migration away from built areas
- Lack of capacity in fast-growing areas
- Traffic grows faster than road-agency purchasing power
- Aging infrastructure with deferred needs
- Finely-subdivided local authority with overlapping responsibilities, different levels of needs and resources
- Many competing demands on revenues
- Inflexibility of federal aid
- Lack of reliable data on local road systems
- A very large, dense, local system
- Rigid MDOT rules (federal standards)
- Hostile winter climate
- Complex distribution formula
- No long-range strategic plan
- Dominance of highway modes
- Lack of consensus among stakeholders on the most important goals
- Administrative expenses compete with transportation in budget process

### **Opportunities**

- Historic chance to reconsider traditional law
- Recent financial increases permit some experimentation
- Chance to reconsider finances before major freeway reconstruction is needed
- Chance to make road finance match massive development now underway and produce a strategic plan
- Increase trust by simplifying the system
- Define standards for use in resource allocation

### **Threats**

- Development-related congestion
- Unpredictable federal policy
- Inability of agencies to agree on goals, or division of revenues
- Lack of consensus
- Demands to divert revenues to other uses
- Time always works against us
- Competition from other states for investment if Michigan's infrastructure isn't adequate
- Some parts of the state don't understand others' needs

- Change is threatening
- Economic downturns; lack of contingency plan
- Inflation
- Growing system increases dependency on roads
- New private investment demands public investment
- Dependence on fuel taxes; users have an incentive to minimize tax payments/alternate (non-taxed) fuels/modes

This SWOT analysis, combined with background information presented by Committee staff (much of which is included in Part 4 of this report, beginning on page 75), and by members of the Information Panel and public testimony (summarized in Appendix B, page 129), formed the context in which we proceeded with our deliberations. Next, we discussed and refined our Vision statement, our statement of Mission, and our Values.

## **VISION, MISSION, AND VALUES**

We identified a Vision for the transportation system of the future, as well as a Mission for transportation providers and the Values that we believe should guide their efforts. In this process of identification and validation, the Committee prioritized aspects of transportation investment so as to ensure that they will have the most impact on providing high-level transportation services.

### **VISION**

*In ten years Michigan will have the best multi-modal transportation system in North America as compared to other states and countries and as measured by customer satisfaction.*

### **MISSION**

To move people and goods safely, efficiently, and economically by:

- Providing continuous improvement from an established baseline,
- Achieving uniform weight limits by road classification,
- Increasing predictability in the transportation system,
- Improving transportation safety,
- Increasing use of “Smart Road” technology (ITS),
- Establishing a maintenance program which is uniform across jurisdictions,
- Expanding intermodalism.

## **VALUES**

Customer-focused  
Cost-efficient  
Result-oriented  
Committed to continuous improvement from an established baseline  
Accountability  
Trust - among stakeholders and between stakeholders and customers  
Recognizes social, environmental, and aesthetic issues

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The next section of this report (Part 3) provides the culmination of the Committee's efforts — our recommendations for a new approach to funding and managing the entire surface transportation system in Michigan.